

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2296 - SB 2284

March 31, 2009

SUMMARY OF BILL: Expands the current Life Settlements Act to include licensing and bonding requirements for viatical settlement agents, brokers, and providers. Defines specific requirements for the execution of viatical settlement agreements. Adds definition of fraudulent acts for contracting for viatical settlements. Violations are punishable as a Class C felony.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$39,200/Incarceration*

Assumptions:

- According to the Department of Commerce and Insurance, any cost associated with the expansion of regulations can be accommodated within existing resources without an increased appropriation or reduced reversion.
- One Class C felony conviction every two years.
- According to DOC, the average operating cost per offender per day for calendar year 2009 is \$59.80 and the average post-conviction time served for a Class C felony is 3.59 years. The annualized time served per conviction is 655.74 days (0.50 annual number of convictions x 1,311.48 days). The annualized cost per conviction is \$39,213.25 (\$59.80 x 655.74 days).
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. No significant incarceration cost increase will occur due to population growth in this period.
- Due to the small number of offenders and the relatively short time served, no recidivism discount has been applied for these offenses.

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

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